

ARTICLE APPEARED
ON PAGE B-2

WASHINGTON POST
27 February 1985

THE FEDERAL DIARY

The Retirement Gap

By Mike Causey
Washington Post Staff Writer

If President Reagan's pension reform proposals pass Congress, a 41-year-old federal worker now 14 years away from retirement eligibility would have to work until 2009 to get the same annuity he can now expect in 1999. The average age of the federal full-time work force is 41.

The Reagan plan would require employees, who can now retire at 55 on about 53 percent of final salary after 30 years' service, to work until their 65th birthdays if they want to get the same percentage of pay as their basic annuity.

The Reagan proposal, which was ignored by Congress when originally introduced two years ago, is back in the news because the White House is pushing it as part of the overall deficit reduction package. It is the cornerstone of the administration's proposed restructuring of the entire federal civil pay and benefits structure.

More than half the 2.6 million people in the government would be hit by the full impact of the rules change that could increase their tour of duty with Uncle Sam by 10 years.

Those under age 45 at the time the changes take place could still retire at 55. But their annuities would be reduced by 5 percent a year for each year they were under age 65 (the proposed new retirement age) when they retire.

Employees who are 55 or older (regardless of their time in government) would continue to be covered by the present retirement rules. They could retire anytime they were eligible without taking any reduction in the benefits now due them.

Federal workers between ages 45 and 54 at the time of enactment would have their annuities reduced under a different formula if they chose to retire at age 55. The penalty reduction for them would be determined by their age at the time of enactment. For example:

- An employee who is 54 at the time of enactment could retire at age 55 (with 30 years) but would take an annuity reduction of ½ percent for each year of retirement before age 65.
- The reduction for an employee age 53 at enactment would be 1 percent a year; for a 52-year-old it would be 1½ percent; at age 51, 2 percent; at age 50, 2½ percent; at age 49, 3 percent a year, and at age 48, the reduction for early retirement would be 3½ percent.

For a 47-year-old it would be 4 percent a year; at age 46, 4½ percent, and for someone age 45 when the change was made, the full 5 percent a year reduction would apply.

Although the average federal worker retires at age 61, many employees find the option of retiring at 55 comforting. They see the administration proposal to raise the retirement age as a breach of faith.

Office of Personnel Management Director Donald J. Devine got a rough reception from Democrats and some Republicans yesterday when he took the retirement change plan to Capitol Hill. The House Post Office-Civil Service Committee's subcommittee on federal pay and benefits is holding hearings on the Reagan retirement package.

The full committee is expected to reject the proposal and try to keep it from coming to a vote in the House.